

## Message Text

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ACTION L-02

INFO OCT-01 EUR-12 ISO-00 EB-07 TRSE-00 CIAE-00 INR-07

NSAE-00 OMB-01 NSC-05 SS-15 SP-02 H-02 /054 W

----- 114833

R 101035Z JUN 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1033

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E.O. 11652: N/A

TAGS: EFIN,UR,US

SUBJECT: FOREIGN TAXATION OF USG EXPENDITURES ABROAD

REF: STATE 130310

1. EMBASSY UNINFORMED ON RECENT DISCUSSIONS WITH SOVIET EMBASSY WASHINGTON CONCERNING TAX MATTERS AND WOULD APPRECIATE RECEIVING FULL REPORT SOONEST.

2. NONE OF THE DIRECT SOVIET TAXES ARE IMPOSED ON ANY CATEGORY OF NON-SOVIET EMPLOYEE OF THE EMBASSY, AS INDICATED IN THE EMBASSY'S A-559 OF OCT. 27, 1973, REPORTING ON TAX EXEMPTIONS. THE INDIRECT TURNOVER TAX, HOWEVER, IS ALMOST CERTAINLY PAID WHEN EMBASSY PERSONNEL PURCHASE FOODSTUFFS OR OTHER SUPPLIES AT NORMAL SOVIET RETAIL OUTLETS, BUT IT WOULD BE NEARLY IMPOSSIBLE TO DETERMINE IN WHAT AMOUNTS. HOWEVER, EMBASSY PERSONNEL ARE PERMITTED TO BUY AT CERTAIN HARD CURRENCY OUTLETS WHICH SELL EVERYTHING FROM GROCERIES TO AUTOMOBILES. AT THESE OUTLETS IT WOULD APPEAR THAT MOST, PERHAPS ALL, OF THE INDIRECT TURNOVER TAXES WAIVED.

3. THE MOST ONEROUS LEVY IS NOT A TAX BUT A 10 PER CENT "SERVICE CHARGE" WHICH IS LEVIED BY THE ADMINISTRATION FOR SERVICE TO THE DIPLOMATIC CORPS (UPDK). IT IS OBLIGATORY THAT THE EMBASSY REQUEST GOODS AND SERVICES THROUGH THIS ORGANIZATION. THE SOVIET GOVERNMENT WOULD HARDLY BE AMENDABLE

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TO DISCUSSING THIS MATTER IN THE CONTEXT OF FOREIGN TAXATION

OF U.S. GOVERNMENT EXPENDITURES ABROAD.

4. EMBASSY BELIEVES THAT STATUS OF US-USSR INCOME TAX CONVENTION IS MATTER WHICH SHOULD NOT BE RAISED BY AMERICAN OFFICIALS IN MOSCOW.

5. EMBASSY DOES NOT HAVE COMPREHENSIVE COMPENDIUM OF USSR TAX LAWS AND REGULATIONS. SUCH LAWS THAT ARE AVAILABLE TO THE EMBASSY ARE IN RUSSIAN TEXT ONLY. EMBASSY DOES NOT HAVE TRANSLATION CAPABILITY FOR PROJECT OF THIS NATURE. BELIEVE, HOWEVER THAT AGENCIES IN WASHINGTON MAY HAVE TRANSLATIONS OF RELEVANT LAWS, AND SUGGEST THAT INQUIRES BE MADE THERE.

6. EMBASSY DOES NOT BELIEVE DIALOGUE WITH SOVIET OFFICIALS WOULD SERVE USEFUL PURPOSE AT THIS JUNCTURE. FURTHER, DATES PROPOSED IN REFTEL WOULD OVERLAP WITH SCHEDULED VISIT SENATE FOREIGN RELATIONS COMMITTEE WHEN EMBASSY OFFICERS WILL BE FULLY OCCUPIED THIS VISIT. IF COMMITTEE WISHES SCHEDULE FAMILIARIZATION VISIT OF TWO TO THREE DAYS SOMETIME AFTER JULY 6, MEETINGS COULD THEN BE ARRANGED WITH SOME EMBASSY OFFICERS.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX RELIEF, GOVERNMENT EXPENDITURES, DIPLOMATIC PERSONNEL  
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**Draft Date:** 10 JUN 1975  
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